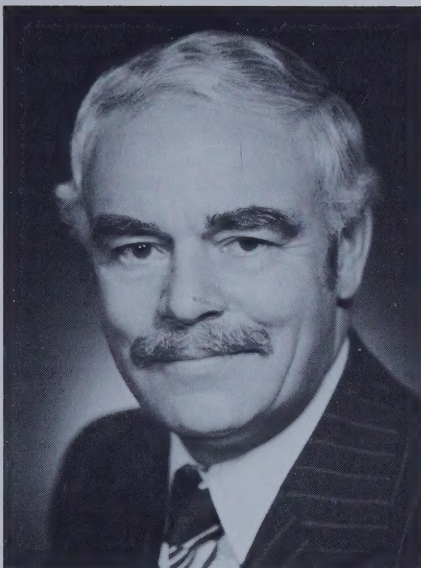


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COLUMBIA TRUST

COLUMBIA TRUST COMPANY - 1979 ANNUAL REPORT

Guaranteed Investment Certificates ☐ Registered Retirement Savings Plans ☐ Registered Home Ownership Savings Plans ☐ Short Term Deposits ☐ Income Averaging Annuity Contracts ☐ High Yield Savings Accounts ☐ Chequing Accounts ☐ Deferred Profit Sharing Plans ☐ Residential Home Ownership Mortgage Loans ☐ Residential Income Property Mortgages ☐ Commercial Real Estate Loans ☐ **You'll feel at home with us.** ☐ Short and Intermediate Term Mortgage Financing ☐ Standby Financing ☐ Wrap Around Loans ☐ Collateral Loans ☐ Guaranteed Investment Certificates ☐ Registered Retirement Savings Plans ☐ Registered Home Ownership Savings Plans ☐ Short Term Deposits ☐ Income Averaging Annuity Contracts ☐ High Yield Savings Accounts ☐ Chequing Accounts ☐ Deferred Profit Sharing Plans ☐ Residential Home Ownership Mortgage Loans ☐ Residential Income Property Mortgages ☐ Commercial Real Estate Loans ☐ Interim Development Loans ☐ Short and Intermediate Term Mortgage Financing ☐ Standby Financing ☐ Wrap Around Loans ☐ Guaranteed Investment Certificates



B. Ross King

Report to Shareholders

The financial statements for the year ending December 31, 1979, reflect results of your company's first seven months of active operations which commenced on May 25, 1979.

The record of activity is highlighted by the growth of customer deposits to \$9,666,457 in this short time.

Management has given particular attention to matching of deposit maturities with our investments.

Most of these deposits were invested in mortgage loans. Of the \$6,367,329 in our mortgage portfolio at December 31, 1979, 82% was invested on the security of single family residential properties. It is also interesting to note that more than 60% of this mortgage portfolio was insured either by Canada Mortgage and Housing Corporation (CMHC) or by private mortgage insurance companies.

The economic climate was unsettled during most of 1979 with the perennial problems of energy and inflation remaining with us. As well, we saw record extreme fluctuations in interest rates, and a growing consumer tendency to favour short-term mortgages and deposits. This is a development which is likely to continue with us well into the new year.

Outlook

The outlook for your company for 1980 is favourable. Our customer deposit accounting and general ledger were computerized during 1979. We are now moving ahead quickly to convert our mortgage administration to a modern computer system. These systems are designed to maximize our ability to deliver outstanding service to our valued clients while maintaining careful control of administration.

Mortgage Banking activities will take an increasingly prominent place in the company's plans in 1980. We intend to be a competitive factor in Canada's active secondary market for mortgage loans. Columbia Trust is an approved lender under the National Housing Act and with private insurers. "NHA" mortgages offer a high yield, insured safety and regular cash flow which has made them one of Canada's most attractive investment opportunities.

Our first branch office is now operational in Edmonton, and active agencies in Saskatchewan are contributing to the growth of your company. We now feel that our management team is complete and together with our loyal experienced staff we are looking forward with confidence to our first full year of operations.

A handwritten signature in blue ink, reading "Peter Redekop".

Peter Redekop - Chairman

A handwritten signature in blue ink, reading "B. Ross King".

B. Ross King - President

Balance Sheet as at December 31, 1979**Assets****CASH AND SHORT-TERM SECURITIES**

Cash and bank deposit receipts	\$ 325,250
Secured call loans	4,199,763

\$ 4,525,013

SECURITIES

Government of Canada bonds (quoted market value \$476,464)	514,936
Common stocks (quoted market value \$37,500)	38,827
Preferred stocks (quoted market value \$194,004)	235,059

788,822

MORTGAGES

6,367,329

ACCOUNTS RECEIVABLE

41,031

FIXED ASSETS

Leasehold improvements	20,385
Office equipment and furniture	20,244
	40,629
Less accumulated depreciation	2,034

38,595

OTHER ASSETS

Prepaid expenses	76,465
Incorporation and organization costs	57,277

133,742

\$11,894,532

Approved by the Board

Director

Director

Columbia Trust Company

Statement of Income and Retained Earnings

Period from Incorporation on December 13, 1978 to December 31, 1979

Revenue

Mortgages	\$178,011
Bank deposit receipts and secured call loans	160,172
Interest and dividends from securities	27,818

366,001

Fees and other income	162,423
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\$528,424

Expenses

Interest on customer deposits	207,949
Agents' commissions	8,475
Salaries and employee benefits	125,997
Depreciation and amortization	2,034
General and administrative	109,377

453,832

Income before income taxes

74,592

Deferred income taxes

19,000

NET INCOME

55,592

Refundable taxes on investment income	13,535
Appropriation to General Reserve	5,000

18,535

RETAINED EARNINGS AT END OF PERIOD\$37,057

Note: The company commenced active operations on May 25, 1979.

Liabilities

CUSTOMER DEPOSITS

Chequing and saving deposits	\$ 392,118
Demand and short-term deposits	321,930
Guaranteed investment certificates	8,952,409

\$ 9,666,457

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

87,083

INCOME TAXES PAYABLE

13,535

DEFERRED INCOME TAXES

19,000

9,786,075

Shareholders' Equity

CAPITAL STOCK (note 2)

Authorized	
1,000,000 shares of \$10 each	
Issued	
201,600 shares	2,016,000

CONTRIBUTED SURPLUS, arising on issue of shares

50,400

GENERAL RESERVE

5,000

RETAINED EARNINGS (note 3)

37,057

2,108,457

\$11,894,532

Columbia Trust Company

Notes to Financial Statements

Period from Incorporation on December 13, 1978 to December 31, 1979

1. ACCOUNTING POLICIES

Investments

Bonds and mortgages are recorded at amortized cost including accrued income. The investment in stocks is recorded at cost including accrued income.

Fixed assets

Fixed assets are stated at cost. Depreciation is provided at the following annual rates:

Leasehold improvements - 10% straight-line basis

Office equipment - 10% declining balance basis

Incorporation and organization costs

Incorporation and organization costs will be amortized on a straight-line basis over five years commencing 1980.

2. CAPITAL STOCK

There is an option outstanding exercisable until June 30, 1984 for the purchase of 10,000 shares of the company at \$10.25 per share.

3. REFUNDABLE TAXES ON INVESTMENT INCOME

Retained earnings have been charged with refundable taxes on investment income which may be recovered upon the payment of sufficient taxable dividends in the ratio of \$1 recoverable for each \$4 of dividends paid. Refundable taxes at December 31, 1979 amount to \$13,535.

4. COMMITMENTS

The company rents offices under a long-term operating lease which expires in 1984, the annual rental for which is approximately \$34,000.

5. DIRECTORS' REMUNERATION

The aggregate direct remuneration of the directors for the period ended December 31, 1979 amounted to \$3,710.

Auditors' Report

To the Shareholders of Columbia Trust Company

We have examined the balance sheet of Columbia Trust Company as at December 31, 1979 and the statement of income and retained earnings for the period from incorporation on December 13, 1978 to December 31, 1979. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1979 and the results of its operations for the period then ended in accordance with generally accepted accounting principles.

Thorne Riddell & Co.
Chartered Accountants

Vancouver, Canada
February 8, 1980

About Columbia Trust

Columbia Trust is in business to provide attractive and flexible financial services to Western Canadians.

From its beginnings, the objective of British Columbia and Alberta investors who made Columbia Trust possible has been to build a strong Western financial institution with a large variety of products and services, and with flexibility in keeping with the character of our Western Canadian home. To achieve these objectives they have entrusted the operation of the company to a disciplined and experienced management team, already proven in the financial enterprise of the national and international marketplace.

The growing product offerings of Columbia Trust reflect the demands of a sophisticated public in the West. New products are being planned in response to this market but with a commitment to continue the early tradition of growth through outstanding service.

The Headquarters Branch at Howe and Dunsmuir in Vancouver has become a popular and convenient centre for financial advice and service. To accommodate our growth, on or about April 15, 1980, we will be relocating most Head Office and Corporate Accounting functions, along with an expanded Mortgage Services Department, in attractive and spacious new quarters at 625 Howe Street, Vancouver. Our new Edmonton office is conveniently placed in the heart of the downtown business core and offers mortgage services plus all our term deposit products. A fine agency network expands our delivery of services to Saskatchewan and throughout the three Western Provinces.

We outline our products and services for your convenience:

Deposit Services

GUARANTEED TERM DEPOSITS for terms of thirty days up to five years at attractive high interest rates. Computerization produces interest cheques accurately and on time.

REGISTERED PLANS for income tax planning emphasize our high yield term deposits and an attractive savings account type of demand plan. For individuals these plans feature **RETIREMENT SAVINGS** and **HOME OWNERSHIP** plans. For incorporated small businesses the **DEFERRED PROFIT SHARING** plan has many advantages.

INCOME AVERAGING annuity contracts for terms of one to fifteen years provide a high rate of return while spreading out taxes on large non-recurring income such as capital gains. **SAVINGS AND CHEQUING** accounts provide high interest on savings and convenient personalized chequing at modest cost.

Mortgage Services

RESIDENTIAL LOANS designed to make homeownership possible and to assist in the financing of new housing suited to growing Western markets.

REVENUE PROPERTIES qualify in many cases for attractive financing packages. Mortgages are available for single family, duplex and multiple-unit housing.

COMMERCIAL AND INDUSTRIAL property - we specialize in flexible financing for smaller properties, new or existing buildings.

Mortgage Banking

Columbia Trust **NHA INSURED** residential mortgages have been sold to institutional investors in Canada and to international investors seeking the security and tax advantages of these attractively priced investments.

A modern **COMPUTER PACKAGE** will provide investors with the latest in mortgage administration and reporting services.

Columbia Trust has participated in a number of **SYNDICATED MORTGAGE INVESTMENTS** and specializes in originating and servicing such loans for the Canadian financial market.



Directors & Officers

Directors

Peter Redekop
Vancouver, B.C.

B. Ross King
Vancouver, B.C.

Thomas R. Braidwood
Vancouver, B.C.

Ralph McL. Brown
Vancouver, B.C.

Robert C. Caithness
Edmonton, Alberta

Gary G. Campbell
Edmonton, Alberta

Norman D. Napier
Vancouver, B.C.

Ben Voth
Chilliwack, B.C.

John M. Tweddle
Edmonton, Alberta

Officers

Peter Redekop
Chairman

B. Ross King
President

Herman Frydenlund
Secretary

William H. Armerding, MTCI
Vice President, Operations

Mark S.L. Ma, CA
Chief Accountant

Brian Mann
Vice President, Alberta

Wayne Proctor, R.I.(B.C.)
Chief Mortgage Officer

Columbia Trust Company Offices

Head Office (effective April 15, 1980)
625 Howe Street
Vancouver, British Columbia
V6C 2T6
(604) 689-8033

Branch Operations
595 Howe Street
Vancouver, British Columbia
V6C 2T5
(604) 689-0313*

Alberta Operations
Suite 2319, Toronto Dominion Tower
Edmonton, Alberta
T5J 2Z1
(403) 423-2024

Agency Offices

Regina
Saskatoon

*The telephone number until relocation on or about April 15, 1980 for both Head Office and Branch Operations is (604) 689-8033.

COLUMBIA TRUST

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Member Canada Deposit Insurance Corporation